

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Robert G. Taub, Vice Chairman;  
Mark Acton;  
Tony Hammond; and  
Nanci E. Langley

Competitive Product Prices  
Priority Mail Contract 47 (MC2013-7)  
Negotiated Service Agreement

Docket No. CP2013-7

ORDER CONCERNING AMENDMENT TO PRIORITY MAIL CONTRACT 47  
NEGOTIATED SERVICE AGREEMENT

(Issued February 28, 2013)

I. INTRODUCTION

The Postal Service proposes an amendment to Priority Mail Contract 47.<sup>1</sup> For the reasons discussed below, the Commission approves the proposed Amendment.

In Order No. 1525, the Commission approved Priority Mail Contract 47.<sup>2</sup> On February 13, 2013, the Postal Service filed notice that it has agreed to an amendment to the existing Priority Mail Contract 47. The Amendment changes the definition of the term “Contract Quarters” to provide that the first contract quarter begins on January 1

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<sup>1</sup> Notice of United States Postal Service of Amendment to Priority Mail Contract 47, With Portions Filed Under Seal, February 13, 2013 (Notice). The Amendment is attached to the Notice (Amendment).

<sup>2</sup> See Docket Nos. MC2013-7 and CP2013-7, Order Adding Priority Mail Contract 47 to the Competitive Product List, November 2, 2012 (Order No. 1525).

rather than July 1. Notice, Attachment A at 1. The Postal Service asserts that the Amendment will not affect the expected cost coverage of the Agreement. *Id.* at 1.

The Postal Service intends for the Amendment to become effective on the day after the date that the Commission completes its review of the Notice. *Id.* Attachment A at 1.

## II. COMMENTS

Comments were filed by the Public Representative.<sup>3</sup> No other interested person submitted comments. The Public Representative asserts that the Amendment is “noncontroversial” and will have no effect on the Agreement’s cost coverage. PR Comments at 2.

## III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

*Cost considerations.* The Commission reviews competitive product prices to ensure that they meet applicable requirements of 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

The original Agreement specified that the first contract quarter would begin on July 1 and end on September 30.<sup>4</sup> The Amendment advances the first contract quarter from July 1 to January 1, which better reflects the effective date of the contract. The Agreement requires an adjustment in prices “[a]fter the first year of the contract.”<sup>5</sup> The effective date of the Agreement is the day after the date on which the Commission issues all necessary regulatory approval, that is, November 3, 2012. Because the

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<sup>3</sup> Public Representative Comments on Postal Service Notice of Amendment to Priority Mail Contract 47 Negotiated Service Agreement, February 25, 2013 (PR Comments).

<sup>4</sup> Request of the United States Postal Service to Add Priority Mail Contract 47 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors’ Decision, Contract, and Supporting Data, October 18, 2012, Attachment B at 2 (Request).

<sup>5</sup> See Request, Attachment B at 3.

effective date of the contract is November 3, 2012, the first year of the contract ends in November 2013, not July 2013. Thus, the Agreement requires a price increase in November 2013.

Based on its previous analysis approving the Agreement in Order No. 1525, the Commission finds that the contract as amended comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7. Accordingly, the Commission approves the Amendment.

*Other considerations.* The Postal Service states that the Amendment shall become effective on the day after the date that the Commission completes its review.

As the Public Representative notes, the Amendment purports to amend section I.G of the Agreement, when the contract parties intended to amend section 1.F. PR Comments at 2. The Commission further notes that the Amendment inadvertently specified that the fourth contract quarter ends on December 30. Legal Counsel for the Postal Service has informed the Commission's General Counsel that the contract parties intend for the fourth contract quarter to end on December 31.

Within 30 days of the expiration of the instant contract, the Postal Service shall file the annual (by contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

In conclusion, the Commission approves the proposed Amendment to Priority Mail Contract 47.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. As set forth in the body of this Order, the Commission approves the proposed Amendment to Priority Mail Contract 47.
2. Within 30 days after Priority Mail Contract 47, as amended, terminates, the Postal Service shall file the annual (contract year) costs, volumes, and revenues disaggregated by weight and zone associated with the contract.

By the Commission.

Shoshana M. Grove  
Secretary